S6615-T2

MARCH 1989

OREGON LABOR TRENDS

—W.E. Hunter, Administrator • State of Oregon • EMPLOYMENT DIVISION • Department of Human Resources—

INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Feb.	1989	5.4
Jan.	1989	5.4
Feb.	1988	6.1

United States (Seas. Adj.)

Feb.	1989	5.1
Jan.	1989	5.4
Feb.	1988	5.7

WAGE AND SALARY EMPLOYMENT INDEX

Oregon (1977=100)

Feb.	1989	126.6
Jan.	1989	126.5
Dec.	1988	125.7
Nov.	1988	125.4
Oct.	1988	124.6

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Jan.	1989	$10.73
Dec.	1988	$10.71
Jan.	1988	$10.70

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Jan.	1989	39.7
Dec.	1988	40.2
Jan.	1988	39.7

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver

July-Dec. 1988	115.9
Yearly change	3.6%
Annual Average 1988	114.7
Yearly change	3.4%

United States

Feb. 1989	121.6
Yearly change	4.8%
Annual Average 1988	118.3
Yearly change	4.1%

Portland Hotline 221-4132

EMPLOYMENT IN OREGON -- THE NEW DIVERSITY

Graham Slater

A quick glance at the February employment statistics for Oregon indicates that the state's economic growth has slowed considerably, perhaps even heralding the start of the much-predicted economic slowdown. Fortunately, a quick glance is misleading. The apparent sluggishness was more a result of labor disputes and, to a lesser extent, weather conditions, than to any long-term economic trends.

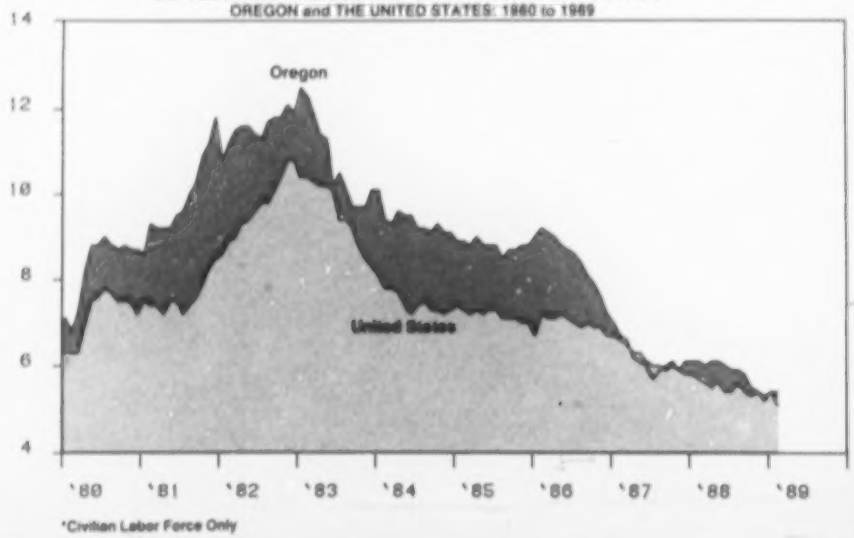
Oregon's seasonally adjusted unemployment rate remained unchanged between January and February at 5.4%. To be truthful, though, it should be noted that the January rate underwent a substantial upward revision from its preliminary level of 5.1%, due to the completion of annual benchmark revisions and the implementation of a new unemployment estimating methodology (described in the January 1989 **Oregon Labor Trends**). In terms of the actual number unemployed, February's 89,300 was the lowest number in February since 1978.

Nonagricultural wage & salary employment, based on a monthly sample of Oregon employers, recorded a slow month compared with the rapid growth throughout most of 1988. In fact, after adjusting for normal seasonal trends, employment recorded the smallest month-to-month gain since last April.

The biggest single factor undoubtedly was the onset of a huge labor dispute at Roseburg Forest Products Co. More than 3,000 workers are currently on strike (at the time of writing this article), with the vast majority in Douglas County. February lumber & wood products employment dropped by 3,700 at a time of year when no change is expected. Brighter news came in paper & allied products where a seven-month labor dispute ended, returning industry employment to normal levels close to 9,000.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*

OREGON and THE UNITED STATES: 1980 to 1989



*Civilian Labor Force Only

Elsewhere in manufacturing, February was a good month. In fact, if all labor dispute activity were excluded, manufacturing employment would have grown by close to 1,000. Machinery employment was up 300, spurred largely by farm & garden machinery and woodworking machinery. Current employment levels in machinery (17,900) and primary metals (10,700) represent the best performance since October 1981 and September 1980 respectively. High-tech employment remained at 31,500, a level not exceeded since February 1986. Finally, food & kindred products added 900 workers; some seasonal and others returning after a maintenance shutdown.

Oregon's severe weather conditions in February brought both good and bad news in terms of employment in the nonmanufacturing sector. (The impact would have been even more notable if the bad weather had come a week later. All employment statistics are based on the "week of the 12th," by which time the worst weather had passed.) Heavy construction appeared to suffer most, dropping 500 jobs. But plumbing and heating firms added employees, reaching 5,800, the highest employment level since April 1980. The normally stable utilities industry also added employees to keep up with weather-related workload; 8,900 employees represent the highest February level since 1982.

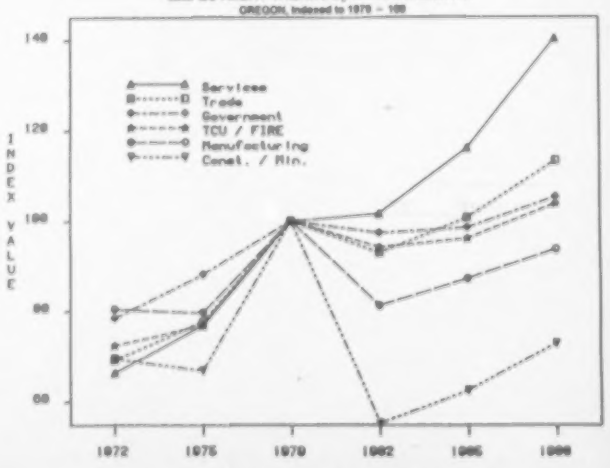
Trade employment dropped 2,100 in February, close to the normal seasonal decrease. Of over twenty industry groups within trade, not one showed more than a 200 deviation from the normal seasonal pattern. Services, on the other hand, had by far the largest employment increase in February. Business services made up for some of its lost ground of last month's 2,600 decrease by gaining 600, with temporary help agencies leading the way. The production of a major movie helped boost employment in motion pictures, and private education recorded an unusually large increase of 2,100. Most of the increase was the counterpoint of the 1,500 drop for the previous month, when several private colleges recorded winter break employment drops.

This brief overview of the February statistics provides a one-month insight into a long-term trend in Oregon's economy; namely, a shift away from reliance on just one or two industries towards a more broad-based economy which, at least in February, allowed the overall picture to remain stable in spite of severe losses in lumber & wood products. The remainder of this article will be given over to discussing this trend.

Think back to 1982. In the middle of severe recession, one word crept more and more into the Oregon vocabulary: diversification. Most everyone agreed that the only way for Oregon to move solidly into the future was to cease depending on lumber & wood and food & kindred products to provide a ticket to prosperity. (It is worth noting in passing that diversification is not universally hailed as a cure-all. An article in the September 1987 edition of **Oregon Labor Trends** was devoted to this issue.)

What does diversification mean, as it relates to Oregon's economy? Well, it certainly cannot mean that all industries be represented equally in terms of employment, payroll, or any other measure. A commonsense review of natural (availability of raw products, climate) and geographical (proximity to major markets) factors demonstrates that Oregon will continue to rely heavily on these "traditional" backbones of its economy. Diversification, though, means that Oregon should try to complement them by encouraging an additional broad range of different job sources to locate and grow in the state. Without stretching the imagination too far, there are two types of diversification which have taken place in Oregon:

1. Involuntary Diversification: This was not sought after, but occurred naturally. Part of the reason has been the incredible rate of growth in service-related industries which spread Oregon's employees over a broader spectrum of jobs than was true historically. A second reason has been the long-term drop in employment in wood products, food products, and construction which has led to a relatively more balanced economy. (No one is arguing, however, that declining employment in these important industries is a price worth paying for an apparently more diverse economy.) The two pie charts entitled "Oregon Employment by Major Industry" show clearly how manufacturing industries employed almost one in four Oregonians in 1972, but currently provide jobs for less than one in five. Over the same time period, the employment share for trade and services has grown from 38.8% to 47.9% - almost every other job is currently a trade or services job. A further illustration of this concept can be found in the "Employment Trends by Major Industry" graph. Here, employment in each industry is portrayed as an index with



RESIDENT OREGON LABOR FORCE

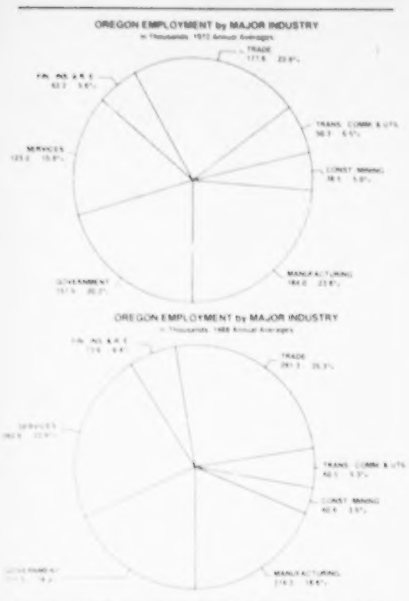
	FEB.[1] 1989	JAN.[2] 1989	CHANGE	%CHANGE	FEB.[2] 1988
CIVILIAN LABOR FORCE[3]	1,435,700	1,422,800	12,900	0.9	1,383,500
UNEMPLOYMENT	89,300	89,900	-600	-0.7	96,100
PERCENT OF LABOR FORCE	6.2	6.3	XXX	XXX	6.9
SEASONALLY ADJUSTED PERCENT	5.4	5.4	XXX	XXX	6.1
TOTAL EMPLOYMENT[4]	1,346,400	1,332,900	13,500	1.0	1,287,400

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting.*
[4]*Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.*
[5]*Due to revised estimating procedures between December 1988 and January 1989, data for 1989 and that of previous years are not strictly comparable.*

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	FEB.[1] 1989	JAN.[2] 1989	FEB. 1988	CHANGE FROM JAN. 1989	CHANGE FROM FEB. 1988
TOTAL[3]	1,160,300	1,157,600	1,113,200	2,700	47,100
WAGE & SALARY EMPLOYMENT INDEX[4]	126.6	126.5	121.4	XXX	XXX
TOTAL MANUFACTURING	207,400	209,000	208,000	-1,600	-600
DURABLE GOODS	151,700	154,800	153,100	-3,100	-1,400
LUMBER & WOOD PRODUCTS	63,500	67,200	68,100	-3,700	-4,600
LOGGING & SAWMILLS	32,800	33,800	34,800	-1,200	-2,200
VENEER & PLYWOOD	14,800	16,700	17,700	-2,100	-3,100
MILLWORK & STRUCTURAL WOOD	10,500	10,600	9,900	-100	600
MOBILE HOMES	1,800	1,800	1,400	0	400
OTHER WOOD PRODUCTS	4,000	4,300	4,300	-300	-300
FURNITURE AND FIXTURES	2,600	2,500	2,600	100	0
STONE, CLAY, GLASS & CONCRETE	4,000	4,100	3,600	-100	400
PRIMARY METALS	10,700	10,600	9,900	100	800
BLAST FURNACES, IRON & STEEL	6,400	6,300	5,800	100	600
NONFERROUS METALS	4,300	4,300	4,100	0	200
FABRICATED METALS	11,600	11,600	10,200	0	1,400
FABRICATED STRUCTURAL METALS	5,100	5,200	4,200	-100	900
OTHER FABRICATED METALS	6,500	6,400	6,000	100	500
MACHINERY	17,900	17,600	16,900	300	1,000
ELECTRICAL EQUIPMENT & SUPPLIES	16,100	16,300	14,500	-200	1,600
TRANSPORTATION EQUIPMENT	10,300	10,100	11,400	200	-1,100
INSTRUMENTS & RELATED PRODUCTS	11,400	11,400	12,300	0	-900
MISCELLANEOUS MANUFACTURING	3,600	3,400	3,600	200	0
NONDURABLE GOODS	55,700	54,200	54,900	1,500	800
FOOD & KINDRED PRODUCTS	21,000	20,100	21,000	900	0
CANNING & PRESERVING	9,900	8,900	10,400	1,000	-500
OTHER FOOD PRODUCTS	11,100	11,200	10,600	-100	500
TEXTILE MILL PRODUCTS	1,700	1,700	1,800	0	-100
APPAREL	2,700	2,700	2,800	0	100
PAPER & ALLIED PRODUCTS	8,900	8,400	9,000	500	-100
PRINTING & PUBLISHING	13,600	13,500	13,300	100	300
CHEMICALS & ALLIED PRODUCTS	2,300	2,300	2,100	0	200
PETROLEUM REFINING	400	500	500	-100	-100
RUBBER & PLASTIC PRODUCTS	4,700	4,600	4,200	100	500
LEATHER PRODUCTS	400	400	400	0	0
TOTAL NONMANUFACTURING	952,900	948,600	905,200	4,300	47,700
MINING & QUARRYING	1,200	1,200	1,300	0	-100
CONSTRUCTION	36,400	37,400	33,400	-1,000	3,000
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	61,900	61,500	58,700	400	3,200
TRANSPORTATION	40,300	40,100	37,500	200	2,800
RAILROAD	3,800	3,800	3,800	0	0
TRUCKING & WAREHOUSING	22,300	22,200	21,400	100	900
OTHER TRANSPORTATION	14,200	14,100	12,300	100	1,900
COMMUNICATIONS	12,700	12,700	12,500	0	200
UTILITIES	8,900	8,700	8,700	200	200
TRADE	294,000	296,100	275,700	-2,100	18,300
WHOLESALE TRADE	75,000	75,200	68,800	-200	6,200
DURABLE GOODS	43,900	43,900	40,200	0	3,700
NONDURABLE GOODS	31,100	31,300	28,600	-200	2,500
RETAIL TRADE	219,000	220,900	206,900	-1,900	12,100
GENERAL MERCHANDISE	28,800	29,800	27,100	-1,200	1,500
FOOD STORES	37,800	38,000	34,100	-200	3,700
AUTO DEALERS & SERVICE STATIONS	27,100	27,000	26,400	100	700
OTHER RETAIL TRADE	125,500	126,100	119,300	-600	6,200
FINANCE, INSURANCE, & REAL ESTATE	74,300	74,100	71,900	200	2,400
BANKING & CREDIT AGENCIES	23,600	23,600	23,500	0	100
OTHER FINANCE, INSURANCE, & REAL ESTATE	50,700	50,500	48,400	200	2,300
SERVICES	267,300	263,400	251,800	3,900	15,500
HOTELS & PERSONAL SERVICES	26,900	26,500	26,400	400	500
HEALTH SERVICES	80,500	80,200	75,400	300	5,100
OTHER SERVICES	159,900	156,700	150,000	3,200	9,900
GOVERNMENT	217,800	214,900	212,400	2,900	5,400
FEDERAL GOVERNMENT	30,900	31,400	29,500	-500	1,400
STATE GOVERNMENT	60,400	59,000	58,900	1,400	1,500
EDUCATION	25,600	24,500	25,500	1,100	100
OTHER STATE	34,800	34,500	33,400	300	1,400
LOCAL GOVERNMENT	126,500	124,500	124,000	2,000	2,500
EDUCATION	81,400	79,600	80,300	1,800	1,100
OTHER LOCAL	45,100	44,900	43,700	200	1,400
LABOR – MANAGEMENT DISPUTES	3,800	1,200	100	2,600	3,700

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.*
[4]*Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).*



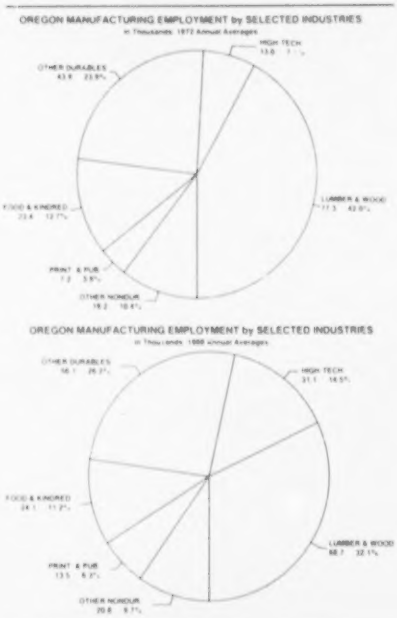
1979 = 100. Whereas manufacturing and construction remain substantially below the 1979 level, services, trade, government, and the transportation, communications, utilities/finance, insurance, real estate combination have all added jobs in excess of the previous (1979) peak level.

. . . there are no magic industries which are exempt from downturns at some point in their own business cycle.

2. Voluntary Diversification: Here we turn to the deliberate attempts made to attract and encourage different industries to Oregon. The discussion relates largely to manufacturing industries (which are frequently considered to be "basic" to an area's economic health). This diversification has been encouraged by most economists and economic development advocates, with an excellent example being the push to attract high-tech companies. In 1972, high-tech companies employed 13,000 Oregonians. Steady growth led to employment levels of 33,300 in 1980 and a peak of 33,700 in 1984 before the industry hit its own downturn, bottoming out at 30,000 in 1987. Currently, there appears to be something of a rebound with employment around 31,000. (Oregon planners learned a lesson from this experience too: there are no magic industries which are exempt from downturns at some point in their own business cycle.)

To understand the changes in manufacturing, look at the pie charts entitled "Oregon Manufacturing Employment by Selected Industries." In 1972, lumber & wood products and food & kindred products accounted for about 55% of all manufacturing jobs; by 1988 that percentage had dropped to about 43%. High-tech industries combined to make up only 7.1% of the manufacturing sector in 1972, rose to almost 18% in 1982, and have since dropped back to 14.5% in 1988. Printing and publishing is displayed, representing the growth of nondurables manufacturing, having added more jobs than any other industry in the nondurable goods sector.

All this shifting around within manufacturing translates into a much more evenly-distributed employment picture. Lumber & wood still dominates, but by a far smaller margin.



Now, the distinction between voluntary and involuntary diversification is nowhere near as clear or obvious as the above might suggest. Even within manufacturing, both types of diversification have been at work. (How much effort was put into attracting printing & publishing firms? Probably none; this is simply a growing industry.) More important than the type of diversification is the fact that many areas of manufacturing are indeed growing. It is a common fallacy to assume that any redistribution of employment within the sector is only due to the declining employment level in lumber and wood products. To illustrate that this is not so, I divided Oregon manufacturing industries into four groups, based on their percent share of the sector's employment in 1972. Group 1 contains industries whose employment made up less than 1% of total manufacturing in 1972; Group 2's industries each accounted for between 1 and 3%; Group 3 had 3 to 10%; and Group 4 included those industries with a greater than 10% share. The industries in each group are as follows:

GROUP 1

Petroleum Refining
Rubber & Plastic Products
Leather Products

GROUP 2

Furniture & Fixtures
Stone, Clay, Glass & Concrete Products
Electrical Equipment & Supplies
Miscellaneous Manufacturing
Textile Mill Products
Apparel
Chemicals & Allied Products

GROUP 3

Primary Metals
Fabricated Metals
Machinery
Transportation Equipment
Instruments & Related Products
Paper & Allied Products
Printing & Publishing

GROUP 4

Lumber & Wood Products
Food & Kindred Products

The two graphs entitled "Oregon Employment Trend for Various Sizes of Industry" track these groups from 1972 through 1988. Each industry remains in the group it started in, so that we can track the performance of industries that started small and have grown throughout the time period under study.

While Oregon has been quite successful in broadening its manufacturing base over the past sixteen years, this success has not been shared in all areas of the state.

The first graph, showing the actual employment levels for each group, points out several things. First, the two industries in Group 4 continue to provide more jobs than any of the other groups; there is no doubt that both lumber & wood products and food & kindred products remain crucial to Oregon's economic well-being. Second, and here lies the real point of this article, employment in each of the three smaller groups has grown since 1972, while

Group 1 has declined. In fact, this growth among smaller industries has been widespread as shown in the accompanying table.

Comparing the current situation with 1979 rather than 1972, growth has been less widespread, but Groups 1 and 2 have actually added employees over the past ten years, even though manufacturing employment as a whole remains more than 6% below the 1979 level. The second graph, which indexes employment in these groups to the 1979 = 100 level, shows this clearly.

One question which might occur to readers is how the situation in Oregon compares with that nationwide. In fact, it is rather difficult to compare the two because the U.S. has never had the kind of "one industry dominance" which is the norm in Oregon. Referring back to earlier statements about natural and geographic factors affecting an area's manufacturing base, it is clear that the vastness and great differences to be found across the U.S. tend to create an unavoidable diversity of industry. Some areas are strong in metals, others in automobiles, and others in lumber. But when statistics for the Nation are computed, U.S. manufacturing employment presents a substantially more "balanced" picture than that in Oregon.

. . . the manufacturing sector now provides 6% fewer jobs than it did in 1979.

Finally, let's look at the five manufacturing industries which have grown during the past ten years (using the 1979 employment peak as the starting point). Remember throughout this discussion that the manufacturing sector now provides 6% fewer jobs than it did in 1979.

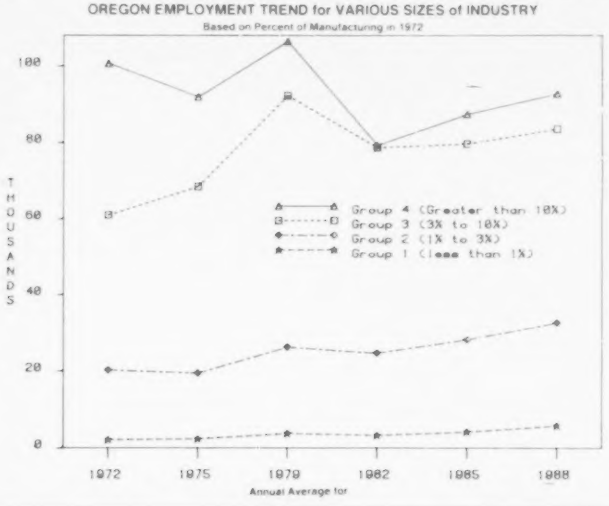
EMPLOYMENT SUMMARY FOR THE FOUR GROUPS

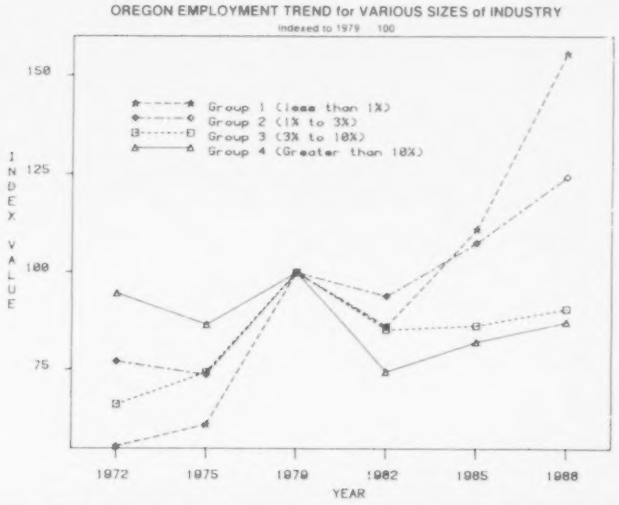
Group Number	Number of Industries In 1972	Number with Employment Above 1972	Number with Employment Above 1979
1	3	3	2
2	7	4	2
3	7	6	1
4	2	1	0

- Electrical Equipment & Supplies rebounded to an all-time high 15,300 in 1988, following three years of relative stagnation. The industry is dominated in Oregon by production of semiconductors, electronic components, and radio & TV communication equipment.
- Miscellaneous Manufacturing has recorded an employment surge in the past two years. The 1986 annual average of 2,500 grew to 3,200 in 1987, and 3,800 last year. Major components here include games & toys, sporting & athletic goods, and signs & advertising displays.
- Printing & Publishing divides itself conveniently into two segments. Newspaper employment has hovered close to 5,000 for the past twelve years. But other printing has grown by an average of 400 jobs every year for ten years. A huge increase in commercial printing as well as growth in the publication of periodicals has spurred the increases.
- Rubber & Plastics is a relatively small industry with 4,500 employees in 1988. However, the long-term growth rate (12% per year over the past six years) has been outstanding. Rubber employment accounts for less than one-tenth of the industry's jobs. Most jobs, and all the growth, come in plastics.
- Leather Products is the smallest industry on this "worth mentioning" list, with just 500 employees in 1988. However, employment has never been higher, and expectations are that Oregon's small footwear, luggage, purses, and glove/mittens production will continue to perform well.

In conclusion, there are several important points to be made.

1. No one is suggesting that Oregon could, or should, set totally-balanced or equally-shared employment as any kind of an economic development goal. There are too many other factors to be considered.
2. However, an economy which relies on a fairly broad base of manufacturing industries will be less sensitive to economic downturns than one which depends on just a couple of potentially volatile industries - an extension of the "eggs in one basket" philosophy.





3. While the evidence is that Oregon has been quite successful in broadening its manufacturing base over the past sixteen years, this success has not been shared in all areas of the state. Many of the new industries (particularly in high-tech) have congregated in the Portland area, leaving some of the more rural areas as heavily dependent on traditional jobs as they were years ago.

4. While diversification has beneficial repercussions in terms of smoothing out economic cycles, there are potential negatives in terms of earnings. This is particularly true in Oregon where wages in lumber & wood products have traditionally been very good, and certainly higher than the average earnings in some of the newer growing industries. (This aspect of the argument will be explored fully in a subsequent issue of **Oregon Labor Trends**.)

5. Any movement away from traditional industries has inevitable and difficult consequences for local residents who suddenly find that their job skills do not easily transfer from, say, a lumber mill to a commercial printer. Therefore, diversification brings with it the need for retraining and education in vocational areas quite different from those which have historically been most important to a region.

Finally, returning to the broader picture of employment in Oregon (both manufacturing and nonmanufacturing) it seems that economic development efforts should continue to concentrate on two parallel paths. First, we must assist and encourage existing industries to survive, grow, and make the changes necessary to compete effectively in coming years. Second, we should look for a variety of new and "desirable" industries, there's a tough one to define, in both the goods, and service-producing sectors to broaden the state's economic base. (Keep reading this edition of **Oregon Labor Trends**. A later article makes it clear that not all service industry jobs are at the low end of the pay scale.) And third, we must provide education and training so that Oregonians are able to make the transition from one industry to another with a minimum of upheaval. □

In addition to readers on our regular mailing list, this edition of **Oregon Labor Trends** is being sent to all participants in the Employment Division's monthly survey of Oregon employers. Without them, the high standards of employment information available in this State could not be maintained. We thank them for their consistent efforts.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jan.[2] 1989	Dec.[3] 1988	Jan. 1988	Jan.[2] 1989	Dec.[3] 1988	Jan. 1988	Jan.[2] 1989	Dec.[3] 1988	Jan. 1988
TOTAL MANUFACTURING[4]	$425.98	$430.54	$424.79	39.7	40.2	39.7	$10.73	$10.71	$10.70
Durable Goods	433.23	435.92	431.88	40.3	40.4	40.4	10.75	10.79	10.69
Lumber & Wood Products	441.72	437.40	432.12	40.9	39.8	39.9	10.80	10.99	10.83
Logging & Sawmills	463.32	469.62	461.38	40.5	39.2	39.3	11.44	11.98	11.74
Veneer & Plywood	471.54	436.40	427.68	43.3	40.9	40.5	10.89	10.67	10.56
Millwork & Structural	348.38	356.09	368.38	39.1	40.1	42.1	8.91	8.88	8.75
Mobile Homes	308.60	338.37	272.24	35.8	39.3	32.8	8.62	8.61	8.30
Other Wood Products	447.91	428.16	421.61	41.9	40.7	40.5	10.69	10.52	10.41
Furniture & Fixtures	304.79	292.66	292.59	35.9	36.4	35.9	8.49	8.04	8.15
Primary Metals	503.27	513.51	506.51	41.8	42.9	42.6	12.04	11.97	11.89
Fabricated Metals	379.23	380.05	377.85	38.5	38.9	39.4	9.85	9.77	9.59
Machinery (Ex Electrical)	437.86	452.51	449.44	39.2	41.1	40.6	11.17	11.01	11.07
Nondurable Goods	405.00	413.96	404.84	38.1	39.5	37.8	10.63	10.48	10.71
Food & Kindred Products	333.42	340.49	323.44	36.4	38.3	35.7	9.16	8.89	9.06
Canning & Preserving	283.82	294.12	272.00	35.7	38.0	34.0	7.95	7.74	8.00
Other Food Products	385.02	396.04	383.90	37.2	38.6	37.6	10.35	10.26	10.21
Textile Mill Products	251.34	266.38	232.71	35.5	37.1	35.1	7.08	7.18	6.63
Apparel	244.20	244.10	225.95	37.0	38.2	36.8	6.60	6.39	6.14
Paper & Allied Products	649.74	677.94	642.64	44.2	45.9	42.7	14.70	14.77	15.05
Printing & Publishing	421.03	438.37	430.78	35.5	36.9	36.6	11.86	11.88	11.77
Construction[4]	486.11	509.43	459.25	34.5	35.8	33.4	14.09	14.23	13.75
Communications & Utilities[5]	532.11	530.35	545.99	40.°	40.3	41.3	13.01	13.16	13.22
Trade[5]	310.38	308.36	294.74	33.7	34.3	33.8	9.21	8.99	8.72
Wholesale Trade	417.36	411.43	405.68	37.6	37.2	38.2	11.10	11.06	10.62
Retail Trade	255.82	258.92	240.16	31.7	32.9	31.6	8.07	7.87	7.60
Banking & Insurance[5]	364.24	341.09	341.38	38.1	37.4	38.4	9.56	9.12	8.89
State & Local Government	382.09	380.31	370.48						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

OPPS TELLS WHERE THE JOBS ARE

Nancy Hargis

In Oregon, the answers to these questions are provided through the information, publications, and services of the Occupational Program Planning System (OPPS). A "one-stop" source of occupational demand and supply information, OPPS is designed to assist high schools, community colleges, job training programs, state human resource agencies and economic development organizations to plan in relation to projected labor needs. This centralized data base reduces unnecessary duplication of effort among agencies, stimulates interagency cooperation, and provides valid and reliable data to support decisions.

OPPS is housed in the Research and Statistics Section of the Employment Division. The Oregon Occupational Information Coordinating Committee guides OPPS and establishes operational policies for the program.

What information is available from OPPS?

OPPS state and local labor market information publications, technical materials, and a microcomputer system, Micro-OIS, describe the outlook for Oregon occupations and training programs. The basic core of OPPS information includes projected employment and openings over eight years, an estimate of the unemployed by occupation, completers of education and training programs, and the seasonality of demand and supply over a two-year period. Characteristics information - wage and salary data, working conditions, Employment Division job applicants and openings, and industry of employment - supplements the demand and supply data.

OPPS is an important resource to state and local agencies for many purposes. Among the most significant are:

- Long-range vocational, education, and job training program planning
- Program development, operation, and improvement
- Economic development planning and business recruitment
- Administration and evaluation of human resource agency programs
- Data base for special reports

The article on "The Myth of Low-Paying Jobs" in this month's issue of **Oregon Labor Trends** is a product of OPPS staff research and analysis. For further information about OPPS, contact David Allen at (503) 378-6400 or toll free 1 (800) 237-3710 ext 8-6400.

THE MYTH OF LOW-PAYING JOBS

David Allen

(Editor's note: David Allen is Coordinator of the Occupational Program Planning System (OPPS) - Oregon Employment Division. For an overview of this occupational data base system see the OPPS article in this month's issue of **Oregon Labor Trends**).

Oregon's general economic condition and the many trials and tribulations that have occurred during the 1980-82 recession and subsequent recovery are now widely known. Examples include:

- The shift from goods-producing to service-producing employment.
- The restructuring and down-sizing of large firms and the new job creation power of small firms.
- Changing the work environment so that there are fewer work rules and more generalized job descriptions.
- The need for more multi-skilled and higher-skilled workers.
- The dislocations of thousands of Oregon's traditional workforce and the need to continually retrain the existing workforce.
- The fact that most new entrants into the labor force in the 1990's will be women and minorities.

All of these trends have gained considerable publicity. What is less well known and often misunderstood, is the effect of Oregon's economic transition on the quality of the new jobs being created. A common complaint is that Oregon has lost many high-paying jobs but has gained back mostly low-paying jobs. From this point of view, we need to create a lot more good "family wage" jobs if Oregon is to truly have economic recovery. While there is an element of truth to this contention, the available historical occupational data does not support this low-wage jobs theory. In fact, most of the new jobs created in Oregon since 1982 have been higher-paying jobs in professional/technical occupations. So how did the myth of low-paying jobs get started?

. . . most of the new jobs created in Oregon since 1982 have been higher-paying jobs in professional/technical occupations.

There are three main reasons for the low-paying jobs myth. First, confusion exists between the two ways in which groups of workers are categorized; industrial classifications of firm employment or occupational classifications of employees. Often industry employment numbers are mistakenly used to refer to occupational employment, ie. *service industries* used in place of, or equated to, *service occupations*. In fact, all kinds of occupations are found in service industries, including a considerable number of professional/technical jobs. However, in looking at the rapid growth that has occurred in service industries, it is often illogically assumed that the job growth has only been in low-paying "service jobs". Also, it does not logically follow that job losses in high-paying industries are job losses in higher-paying occupations. Secondly, many jobs in trade and service industries are highly visible, like fast food workers and sales clerks, while higher-paid jobs like computer programmers and accountants are often unseen.

The third reason for the myth is that analyses often compare 1979 earned income, adjusted for inflation, with a more recent year like 1987 and conclude from the comparison that Oregon has lost real earning power. While this loss is real, it does not follow that Oregon's new jobs are to blame. In fact, as will be shown, since 1982 the new jobs have actually helped raise earned income.

This article will explore the myth of low-paying jobs and point out that it is the quality of the workforce, not the quality of the new jobs, that is potentially the greatest obstacle to the Oregon comeback.

THE SHIFTING OCCUPATIONAL SKILL MIX

The specific occupational growth and decline tables (see Tables 1 & 2) provide a variety of insights into occupational skill shifts that have occurred. The increased use of computers provided additional jobs for computer programmers, systems analysts, and computer operators. However, the increasing use of computers also contributed to the job losses of bookkeeping/billing machine operators, drafters, machine tool operators (combination), and directory assistance operators. The rapid increase of people eating out did not necessarily mean more jobs for all workers in the eating and drinking industry. Restaurant cooks and fast food workers experienced rapid growth while short order cooks and waiter/waitresses declined. Individually, these kinds of occupational/industry shifts are not all towards higher-skilled jobs. The addition of almost 15,000 fast food workers between 1979 and 1986 is a highly visible case in point. Nevertheless, the overall trend has been towards an increasingly higher-skilled workforce. A look at more general occupational data shows this trend.

It is very likely that the Oregon workforce will have to make further painful adjustments as the skills needed by the economy continue to shift towards higher-skilled jobs.

Dividing Oregon's workforce into eight major occupational groups and comparing the employment in these groups over time provides the best view of the kinds of jobs being created and lost. Table 3 shows employment change between 1979 and 1986, a time in Oregon that includes years of both economic recession and recovery. During this turbulent time, major occupational shifts took place. Sizable job losses occurred in a number of occupational groups including craft workers, operatives, laborers, and perhaps surprisingly, managers & administrators. These job losses reflected the decline of manufacturing and construction employment, as well as the need for employers to cut overhead costs. A total of 75,000 painful job dislocations occurred! Many of these job losses were in occupations that were characterized as being relatively high-pay but low-skilled. Once lost, these kinds of jobs are not likely to return.

It is significant that even service workers lost jobs. This fact is the first

Table 1
OREGON OCCUPATIONAL GROWTH
Selected Occupations 1979-86

	ESTIMATED EMPLOYMENT 1979	1982	1986	New Jobs 1979-86 #	%
Fast Food Prep. & Service	6,135	10,534	21,056	14,921	243
Sales Rep./Clerk	61,701	57,846	67,154	5,453	9
Nurse Professional	11,738	15,171	17,150	5,412	46
Stock Clerk, Sales Floor	3,164	3,311	5,719	2,555	81
Shipping and Receiving Clerk	4,202	3,811	6,187	1,985	47
Cook, Restaurant	5,666	4,410	7,270	1,604	28
Systems Analyst	1,426	1,530	2,935	1,509	106
Recreation Worker	786	892	2,073	1,287	164
Computer Programmer	1,674	1,946	2,688	1,014	61
Personnel & Labor Relations Spec.	1,279	2,046	2,154	875	68
Computer Operator	1,346	1,617	2,193	847	63
Refrigeration Mechanic	507	633	1,220	713	141
Credit Clerk (Loan)	949	579	1,579	630	66
Travel Agent	609	688	1,167	558	92
Physicians Assistant	107	294	629	522	488
Medical Record Tech.	343	233	791	448	131
Physical Therapist	586	690	911	325	55
Speech Path. & Audiologist	130	168	391	261	201
Occupational Therapist	117	205	366	249	213
Machine Tool Oper., Num. Cont.	328	403	572	244	74

Table 2
OREGON OCCUPATIONAL DECLINE
Selected Occupations 1979-86

	ESTIMATED EMPLOYMENT 1979	1982	1986	Net Loss 1979-86 #	%
Waiter/Waitress	27,803	19,991	18,910	-8,893	-32
Carpenter	9,310	5,361	5,442	-3,868	-42
Cashier	19,559	18,561	16,017	-3,542	-18
Nurse Aide/Orderly	12,744	11,746	10,225	-2,519	-20
Cook Short Order/Specialty	6,731	4,627	4,620	-2,111	-31
Order Filler	4,556	3,828	2,742	-1,814	-40
Plumber/Pipefitter	4,263	2,991	2,452	-1,811	-42
Civil Engineer	2,686	2,340	896	-1,790	-67
Drafter	4,115	2,562	2,487	-1,628	-40
Stenographer	2,233	1,716	680	-1,553	-70
Central Office Operator	1,777	1,072	25	-1,752	-99
Bookkeeping/Billing Mach. Oper.	2,164	1,335	912	-1,252	-58
Brick Layer	1,436	291	204	-1,232	-86
Electrician	5,438	4,226	4,286	-1,152	-21
Machine Tool Oper. Combination	1,350	932	308	-1,042	- 7
Directory Assistant Operator	489	420	3	- 486	-99
Employment Interviewer	935	529	496	- 439	-47
Licensed Practical Nurse	3,746	3,879	3,310	- 436	-12
Electrocardiograph Tech	187	141	87	- 100	-53

CORRECTION

The February 1989 issue of **Oregon Labor Trends** contained an error in the article entitled "1988 JOB GROWTH REVISED UPWARD." Following is a corrected version of the table shown on page 11 of that issue. We regret any inconvenience to our readers.

	1988	1987	Change
Average Hourly Earnings	$ 10.64	$ 10.56	+$0.08
Average Weekly Hours	39.4	39.2	+ 0.2
Average Weekly Earnings	$419.22	$413.95	+$5.27

clue to the nature of the new job growth. The reason that service workers declined is not due to any lack of growth of the service sector. It is the occupational mix of the new jobs being created that made the difference. The service industries of health, education, and business services all have contributed a considerable number of new jobs. However, during the economic transition, non-professional service jobs faced the same kinds of cost cutting and restructuring pressures as the economy as a whole experienced. For example, while the health services industry grew rapidly, the need to cut labor costs contributed to the decline in the number of nurses aides and licensed practical nurses. The need for professional nurses, on the other hand, increased as more work was assigned to higher-skilled workers. In short, as employers cut labor costs and at the same time attempted to increase productivity, more skilled workers were needed.

The skill shift towards professional/technical occupations has been dramatic. From 1979 to 1986 over 57,000 new professional & technical jobs were created. The recovery period from 1982 to 1986 (see Table 4) contributed some 96 percent of this growth. Clearly, the majority of all new jobs since the recession has been in professional/technical fields. By 1986, 20 percent of all nonfarm wage and salary jobs were in professional & technical occupations.

Of course, not all employment growth has been among higher-skilled workers. As the trade industries grew during the recovery, the number of sales workers also exploded. Almost 22,000 additional sales jobs were added between 1982 and 1986. Many of these jobs are highly visible as retail stores have mushroomed throughout the state. Based upon this kind of data, Oregon is creating many low-skilled, low-paying jobs. However, most people do not realize that many sales workers are employed in industries that pay high wages. In addition, when commissions are added to earned income, sales workers as a whole are not low-paid workers. In fact, national data for full-time employees indicates that annual pay of sales workers is equal to the average pay of all workers.

Table 3
OREGON'S SHIFTING OCCUPATIONAL MIX
Nonfarm Wage and Salary Occupations
1979-86

	1979	% of Total	1986	% of Total	Employment Change 1979-86 #	%
TOTAL	1,055,410	100.0	1,060,141	100.0	4,731	0.4
Managers & Administrators	89,100	8.4	76,842	7.2	-12,258	-13.8
Professional & Technical	154,410	14.6	211,674	20.0	57,264	37.1
Sales Workers	77,530	7.3	95,616	9.0	18,086	23.3
Clerical Workers	210,300	19.9	214,694	20.3	4,394	2.1
Service Workers	167,280	15.8	164,374	15.5	-2,906	-1.7
Craft Workers	129,470	12.3	109,824	10.4	-19,646	-15.2
Operatives (Semiskilled)	150,430	14.3	128,533	12.1	-21,897	-14.6
Laborers	76,890	7.3	58,584	5.5	-18,306	-23.8

Table 4
OREGON'S RECOVERY YEARS SHIFTING OCCUPATIONAL MIX
Nonfarm Wage and Salary Occupations
1982-86

	1982	% of Total	1986	% of Total	Employment Change 1982-86 #	%
TOTAL	966,820	100.0	1,060,141	100.0	93,321	9.7
Managers & Administrators	81,970	8.5	76,842	7.2	-5,128	-6.3
Professional & Technical	156,930	16.2	211,674	20.0	54,744	34.9
Sales Workers	73,750	7.6	95,616	9.0	21,866	29.6
Clerical Workers	203,580	21.1	214,694	20.3	11,114	5.5
Service Workers	159,080	16.5	164,374	15.5	5,294	3.3
Craft Workers	101,790	10.5	109,824	10.4	8,034	7.9
Operatives (Semiskilled)	132,780	13.7	128,533	12.1	-4,247	-3.2
Laborers	56,940	5.9	58,584	5.5	1,644	2.9

HIGH-PAY VS. LOW-PAY JOBS

Given the magnitude of Oregon's economic transition, are workers better off now than they were in 1979? In terms of wage and salary income, the answer is no. Table 5 shows Oregon covered employment and payroll trends between 1979 and 1987. Note that average annual pay increased, but after adjusting for inflation real pay decreased by $123. This decline in real wage income, as well as relative declines in Oregon's per capita and household income compared with the U.S., are the main reasons for the "myth of lower-paying jobs".

Since many workers are in fact economically worse off than before, it is assumed that Oregon traded a lot of high-paying jobs for a lot of low-paying trade and service jobs. Are the new jobs to blame? As we have seen, it is true that many high-paying, relatively low-skilled jobs have been lost. However, most of the new jobs created have been in professional/technical occupations. What really happened in this trade?

Table 6, entitled "Occupational Growth and Earnings 1982-1986", provides the answer to this question. Using

Table 5
OREGON COVERED EMPLOYMENT AND PAYROLL FOR SELECTED YEARS

	1979	1982	1986	1987	Change 1979-87
Employment	1,024,738	932,415	1,033,579	1,075,609	50,871
Average Annual Pay	$ 13,197	$ 16,186	$ 18,311	$ 18,885	$ 5,688
Real Annual Pay *	$ 19,008	$ 18,316	$ 18,768	$ 18,885	$ -123

*Inflation adjusted (1987 $) using CPI-U Portland (1982-84 = 100)

the best available data on earnings by major occupational classification, the eight occupational groups fall into three categories, high-paying, average-paying, and low-paying jobs. Between 1982 and 1986, 93,321 new jobs were created, of which 57,650 (62%) were high-paying, 21,866 (23%) were average-paying, and 13,805 (15%) were low-paying. Clearly, most of the new jobs were in the higher-earning bracket. This fact also helps explain why real annual pay in Oregon did in fact increase from $18,316 to $18,885 between 1982 and 1987.

The future economic prosperity of Oregon depends upon creating a quality workforce that will match the occupational skill mix of the new economy.

During the recovery, Oregon workers have been doing better each year. The problem is that there is still a ways to go. Hopefully, when the 1988 data become available, workers will once again have the earning power that they did in 1979. Perhaps it should be noted that even if it is assumed that all new sales workers in Oregon are paid lower than average wages, there would still have been almost 22,000 more higher-paying versus lower-paying jobs created between 1982 and 1986. Nearly any way you look at it, Oregon's new jobs are not the problem that is holding back economic recovery.

THE FUTURE OUTLOOK

Looking into the future, Oregon's occupational mix can be estimated using historical data and projecting these trends forward. Table 7, entitled "Oregon's Future Trends 1989-94", was derived by applying statistical regression techniques to nine years of previous occupational data. As can be seen, the projections indicate continued growth in professional/technical occupations and significant declines of craft workers, operatives, and laborers. It is very likely that the Oregon workforce will have to make further painful adjustments as the skills needed by the economy continue to shift towards higher-skilled jobs. Well-paying jobs will be available but a skill mismatch exists between the workers who will suffer the thousands of job losses and the skill requirements of new jobs being created. In other words, the major labor force problem facing Oregon is the quality of the workforce, not the quality of the new jobs being created. The future economic prosperity of Oregon depends upon creating a quality workforce that will match the occupational skill mix of the new economy. □

Table 6
OCCUPATIONAL GROWTH AND EARNINGS
1982-86

High-Paying Jobs	Median Yearly Earnings*	Oregon Jobs Created 1982-86
Managers & Administrators	$27,560	-5,128
Professional & Technical	$25,973	54,744
Craft Workers	$21,788	8,034
	Total High-Paying Jobs	57,650
Average-Paying Jobs		
Sales Workers	$19,552	21,866
Low-Paying Jobs		
Clerical Workers	$16,016	11,114
Service Workers	$12,168	5,294
Operatives (Semiskilled)	$16,877	-4,247
Laborers	$14,404	1,644
	Total Low-Paying Jobs	13,805
	Net Difference Between High and Low-Paying Jobs	43,845
	Total New Jobs	93,321

*U.S. Full-Time Wage and Salary Workers, 1987 Current Population Survey Household data. Source: **Employment and Earnings**, January 1988. Average of all occupations $19,396. Oregon wage earnings are typically 10-11% below the national average.

Table 7
OREGON'S FUTURE TRENDS
Nonfarm Wage and Salary Occupations
1989-94

	1989	% of Total	1994	% of Total	Employment Change 1989-94 #	%
TOTAL	1,112,208	100.0	1,199,160	100.0	86,952	7.8
Managers & Administrators	87,555	7.9	90,666	7.6	3,111	3.6
Professional & Technical	232,606	20.9	286,537	23.9	53,931	23.2
Sales Workers	101,981	9.2	119,999	10.0	18,018	17.7
Clerical Workers	231,592	20.8	254,156	21.2	22,564	9.7
Service Workers	173,018	15.6	184,976	15.4	11,958	6.9
Craft Workers	102,703	9.2	95,709	8.0	-6,994	-6.8
Operatives (Semiskilled)	128,859	11.6	120,987	10.1	-7,872	-6.1
Laborers	53,894	4.8	46,130	3.8	-7,764	-14.4

"EDWAA"-RETRAINING FOR DISLOCATED WORKERS

Kimberly Dunn

(Editor's note: Kimberly Dunn is a marketing/communications analyst with the Job Training Partnership Act Administration, Oregon Economic Development Department.)

In the January issue of **Oregon Labor Trends**, I discussed the new WARN (Worker Adjustment and Retraining Notification) Act, which provides for early notice of plant closings or mass layoffs. Last fall Congress also passed "EDWAA", the Economic Dislocation and Worker Adjustment Act, which takes the place of current Dislocated Worker Programs under JTPA. EDWAA provides training and other assistance for workers dislocated by layoffs and closures. This Act also forms a State Dislocated Worker Unit to coordinate services. In Oregon, the Job Training Partnership Act (JTPA) Administration has been named as the Dislocated Worker Unit.

When the Dislocated Worker Unit receives notice of a plant closure or reduction in force, a Rapid Response Team will come together to assist the affected business, community, and workers to find and use the services which are available to them, including those provided under EDWAA. EDWAA states: "The dislocated worker unit ... shall ... establish on-site contact with

employer and employee representatives within a short period of time (preferably 48 hours or less) after becoming aware of a current or projected permanent closure or substantial layoff..."(Sec. 314 (b)).

During this on-site contact, the Dislocated Worker Unit will coordinate services available from various sources. Representatives of state and local economic development agencies will discuss available financial help and technical assistance with the business and the community. The Employment Division (discussing Unemployment Insurance and Trade Adjustment Assistance), the Adult and Family Services Division (Food Stamps, etc.), Private Industry Councils (Job Training programs) and others will discuss services and support available to the employees. This three-tiered approach to the business, community, and workers is designed to best use all of the resources available to buffer the stresses of plant closure and layoff.

EDWAA will be administered at the state level by the Job Training Partnership Act Administration. Training and other services will be provided by the local Private Industry Councils (PICs) throughout the state. Depending on the needs of the dislocated workers in a given layoff and the local labor market, a variety of re-training and other services will be available. These can include assistance before the layoff occurs, job training, and placement programs.

Dislocated workers are defined in the Act as eligible for EDWAA services if they:

(A) have been terminated or laid off or have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(B) have been terminated or have received a notice of termination of employment as a result of any permanent closure of or any substantial layoff at a plant, facility, or enterprise;

(C) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including older individuals who may have substantial barriers to employment by reason of age;

(D) or were self-employed (including farmers and ranchers) and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disasters, subject to regulations prescribed by the Secretary.

EDWAA provides timely assistance when communities and workers face stressful job losses, whether the loss affects one, ten, or hundreds of workers. The coordinated Rapid Response Team will be on-site within 48 hours of receiving notice of a mass layoff. By providing access to services well before the plant closure or workforce reduction occurs, EDWAA seeks to limit the unemployment of community members. Using effective service partnerships, the Act will ease transitions and support local economic stability in Oregon.

To request further information and copies of the Act, contact:

State Dislocated Worker Office
JTPA Administration
155 Cottage St. N.E.
Salem, Oregon 97310
Phone 373-1995

or contact your local Private Industry Council. □

OOICC AIDS AGENCY AND CAREER DECISIONS

Nancy Hargis

For most Americans, work--or the lack of it- matters. Their lifestyles, as well as their livelihoods, are influenced by their occupation and the employment and income opportunities it offers. Few decisions affect an individual's future more than choosing an occupation and acquiring the education and training needed to enter and succeed in it. To choose wisely, people need sound information about the world of work.

The Oregon Occupational Information Coordinating Committee (OOICC) is a consortium of state and local agencies committed to coordinating the development and delivery of occupational and educational information for the citizens of Oregon. OOICC operates under an interagency agreement among the Employment Division, Department of Education, Vocational Rehabilitation Division, Job Training Partnership Administration and Economic Development Department. These agencies joined together to help ensure that the necessary occupational and educational information is available to assist those concerned with vocational program planning and evaluation, individual career decision-making and economic development.

Preparing people well for the work they seek serves both public and personal interests, if the preparation is solid and suited to labor market needs. Vocational education and job training require substantial human and financial resources--resources too precious to risk on programs that do not offer sound preparation for the future. In making judgments about which programs to offer and what the curriculum should include, educational planners and job training officials need relevant and timely occupational information.

Helping people make career-related decisions calls for special counseling and career guidance skills. Counselors working in schools, community colleges, job training programs, vocational rehabilitation agencies, and other settings are in a position to assist people at various stages of career exploration or decision-making. To help their clients make better informed choices, they also need comprehensive occupational information.

To attract new industries or to anticipate shifts in the labor market, state and local planners need data on current and projected employment, the supply of skilled workers, and sources of training available in their state or local area. Increasingly, occupational information is being used to support economic development initiatives and human resources planning in both the public and private sectors.

One of OOICC's most important roles is to provide policy guidance for the Occupational Program Planning System (OPPS), Oregon's central data base for occupational demand/supply information. OOICC and OPPS staff work together to give training and technical assistance to public and private groups on the analysis and use of labor market information for program planning, administration and evaluation.

OOICC and OPPS also collaborate on the annual publication of the **Oregon Careers** newspaper. This tabloid is distributed to over 125,000 youth and adults each year to help them better understand the state's labor markets, stimulate in-depth career exploration, and learn of available resources and programs to assist career decision-making.

Sensible decisions, whether they affect one life or many, often depend on ready access to relevant and timely information about the labor market. Helping people get the occupational information they need is what OOICC is about. For further information about OOICC, contact Nancy Hargis at 503-378-8146. □

EMPLOYERS' CORNER - IT'S YOUR TAX DOLLARS

Dorothy Monnier

A concerted year-long effort by the Oregon Employment Division and the Job Service Employers' Committee (JSEC) paid off in February during the annual Employers' National Job Service Committee Convention held in Arlington, Virginia. Barbara Sharp, Oregon JSEC Chairperson and President of Sharp Management Services, a Tigard consulting firm, delivered a well-received presentation on the Federal Unemployment Tax Act (FUTA) funding problem to an audience of 200. Participants were attending the National JSEC Convention which was scheduled to coincide with Congressional budget talks.

During the conference, Oregon employers met with the State's U. S. Congressmen to gain their support on the FUTA issue. Oregon's Congressional delegation expressed serious concern over the gap between available federal resources and the amount needed to provide status quo services for the Employment Division in Oregon - approximately $20.6 million or 20% of the total projected agency budgetary need for the 89-91 biennium. In Oregon, reductions to accommodate such a shortfall would entail major program eliminations and staff reductions as well as some office closures.

For several years the federal government has been steadily reducing the resources it allocates to support the state employment security system nationwide. It has become increasingly more difficult for Oregon to provide necessary employment services in light of the most recent federal shortfall.

The impact of the federal funding cutback will be felt by employers, unemployed and underemployed job applicants, and specialized groups, i.e. at-risk youth, ex-offenders, minorities, handicapped, and older workers who benefit from the Division's employment services.

This has occurred even though the funding source of these activities is dedicated trust funds, consisting of employer tax money collected by the IRS pursuant to the Federal Unemployment Tax Act (FUTA). By law, these monies can be spent for no purpose other than administration of the employment security system nationwide, to pay the federal government's share of extended benefit payments, and to provide a loan fund for states whose unemployment insurance reserves have been exhausted. These FUTA funds are solvent; so solvent that the caps which establish the maximum amount the funds are allowed to contain were recently increased by Congress in order to provide additional room for the increasing reserves. However, since these trust funds are included as part of the Unified Federal Budget, the large surplus held "masks" the size of the federal deficit, thereby acting as a continuing disincentive for the government to release adequate funding to the states. These paper offsets contribute nothing to the reduction of the actual federal deficit, and at the same time deny Employment Security Agencies money to maintain minimum services.

Following Sharp's presentation, increased interest was voiced by 27 other states to unite with Oregon in the campaign to secure the attention of Congress, the media, and other interest groups in resolving this major funding issue.

Sharp encouraged employers nationwide to pursue a solution. Jo Powell, JSEC board member and vice president of Freedom Federal Savings & Loan in Corvallis, urged employers to make their top priority in 1989-90 the development of a plan to insure adequate monies to fund the Employment Security System nationwide by releasing FUTA dollars.

W. E. Hunter, Administrator of the Oregon Employment Division, is committed to resolving the FUTA funding issue at the federal level. Additionally, he encourages Oregonians concerned with the economic health of this state to become knowledgeable about this complex federal funding issue and its adverse effect on Oregon and then contact Oregon's U. S. Congressional Delegation. Governor Goldschmidt has been actively seeking support in his discussions with Secretary of Labor Elizabeth Dole.

The ultimate solution rests with Congress: to release adequate FUTA monies and to remove FUTA from the Federal Unified Budget.

For further information about the Oregon Employment Division or the Job Service Employers' Committee efforts, contact Sylvia Rose at 378-3216, or write to the Employment Division, 875 Union St., N.E., Salem, OR 97311. □

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